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November 12, 2013

Board of Directors
Monroe Township Volunteer
Fire Department, Inc.
P.O. Box 88
Henryville, IN 47126

We have reviewed the audit report prepared by J Rorrer & Co., P.C., Independent Public Accountant, for the period January 1, 2011 to December 31, 2011. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Monroe Township Volunteer Fire Department, Inc., as of December 31, 2011, and the results of its operations for the period then ended, on the basis of accounting described in the report.

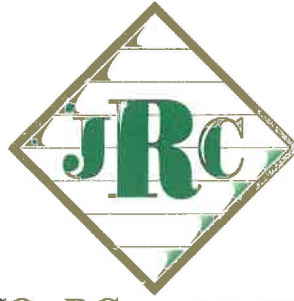
The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

**Monroe Township Volunteer Fire Department, Inc.
Audited Financial Statement
For the Year Ended
December 31, 2011**

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J RORRER & CO., P.C. • CERTIFIED PUBLIC ACCOUNTANTS

MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND INDIANA & KENTUCKY CPA SOCIETY

INDEPENDENT AUDITORS' REPORT

To the Board
Monroe Township Volunteer Fire Department, Inc.

We have audited the accompanying statement of assets liabilities and net assets –modified cash basis of the Monroe Township Volunteer Fire Department, Inc. (a nonprofit corporation) as of December 31, 2011 and the related statement of revenue and expenses and changes in net assets – modified cash basis, and statement of cash flows – modified cash basis for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, this financial statement has been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Monroe Township Volunteer Fire Department, Inc. as of December 31, 2011 and its support, revenue, and expenses for the year then ended, on the basis of accounting described in note 1.



J Rorrer & Co. P.C.
Certified Public Accountants
October 31, 2012

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Monroe Township Volunteer Fire Department, Inc.
Statement of Assets Liabilities and Net Assets
Modified Cash Basis
December 31, 2011

ASSETS

Current Assets:	
Cash and cash equivalents	<u>\$177,141</u>
Total Current Assets	177,141
Property and Equipment:	
Land	29,275
Buildings	807,858
Vehicles	381,909
Fire fighting equipment	920,562
Office	38,762
Less Accum. Depreciation	<u>(992,866)</u>
Total Property and Equipment	1,185,500
Total Assets	<u><u>\$1,362,641</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Current portion long-term debt	<u>25,110</u>
Total Current Liabilities	25,110
Long-Term Liabilities	
Long term debt	279,184
Less current portion	<u>(25,110)</u>
Total Long-Term Liabilities:	<u>254,074</u>
Total Liabilities	279,184
Net Assets:	
Temporarily restricted	1,292
Unrestricted	<u>1,082,165</u>
Total Net Assets	1,083,457
Total Liabilities and Net Assets	<u><u>\$1,362,641</u></u>

See accompanying notes and independent auditors' report.

Monroe Township Volunteer Fire Department, Inc.
Statement of Revenue and Expenses and Changes in Net Assets
Modified Cash Basis
For the Year Ending December 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
Revenue:			
Contract income	\$340,849	\$0	\$340,849
Miscellaneous Income	6,695	0	6,695
Insurance claims	4,961	0	4,961
Grant	6,463	0	6,463
Crusade for children	17,326	1,292	18,618
Net assets released from restrictions	0	0	0
Interest income	326	0	326
Total Revenue	<u>376,620</u>	<u>1,292</u>	<u>377,912</u>
Expenses:			
Accounting	2,080	0	2,080
Advertising	2,359	0	2,359
Bank charges	20	0	20
Building maintenance	15,906		15,906
Clothing allowance	14,270	0	14,270
Communication radio	1,551	0	1,551
Contract labor	16,723	0	16,723
Contribution and fund raising expense	18,687	0	18,687
Depreciation	122,352	0	122,352
Dues and subscriptions	1,154	0	1,154
Fuel	10,266	0	10,266
Interest on loans	16,644	0	16,644
Insurance	24,310	0	24,310
Miscellaneous expense	829	0	829
Office expense	1,199	0	1,199
Professional fees	3,950	0	3,950
Personal turnout gear	2,490	0	2,490
Meals	5,460	0	5,460
Small equipment and repairs	6,721	0	6,721
Supplies	5,120	0	5,120
Training	3,275	0	3,275
Truck expense	26,868		26,868
Uniforms	5,604	0	5,604
Utilities	18,982	0	18,982
Total Expenses	<u>326,820</u>	<u>0</u>	<u>326,820</u>
Other Income and (Expense):			
Rental income	5,490	0	5,490
Rental expense	(2,226)	0	(2,226)
Total Other Income and Expenses	<u>3,264</u>	<u>0</u>	<u>3,264</u>
Changes in Net Assets	<u>53,064</u>	<u>1,292</u>	<u>54,356</u>
Net Assets, beginning of year	1,029,101	0	1,029,101
Net Assets, end of year	<u>\$1,082,165</u>	<u>\$1,292</u>	<u>\$1,083,457</u>

See accompanying notes and independent auditors' report.

Monroe Township Volunteer Fire Department, Inc
Statement of Cash Flows
Modified Cash Basis
December 31, 2011

	2011
Operating activities:	
Changes in net assets	54,356
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	123,214
Net cash provided by operating activities	177,570
Investing activities:	
Purchase of equipment	(77,597)
Net cash used in investing activities	(77,597)
Financing activities:	
Long term debt proceeds (payments)	(24,817)
Net cash used in financing activities	(24,817)
Net increase (decrease) in cash and cash equivalents	75,156
Beginning Cash and Cash Equivalents	101,985
Ending Cash and Cash Equivalents	\$177,141
Supplemental disclosure:	
Interest paid	\$16,644
Taxes paid	\$0

See accompanying notes and independent auditors' report.

Monroe Township Volunteer Fire Department, Inc.
Notes to the Financial Statements
December 31, 2011

Note 1- Nature of Activities and Significant Accounting Policies:

Nature of Activities:

Monroe Township Volunteer Fire Department, Inc. (a non for profit Corporation) operates trained volunteers to fight fires, maintain fire fighting equipment, and otherwise provide fire protection and fire prevention services for Monroe Township in Indiana.

Basis of Presentation:

The Organization maintains its accounts on the modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis, support and revenue are recognized when collected rather than when earned, and expenses are recognized when paid rather than when incurred. Consequently, accounts receivable from supporting agencies, accounts payable to vendors and suppliers, accrued income and expenses are not included in these financial statements. The modifications to the cash basis of accounting are capitalization of property and equipment and recording of long term debt obligations.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents:

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalent.

Revenue:

The Organization has an annual contract with the Monroe Township Fire Protection District of Clark County, Indiana. They receive funds twice a year from the District when collected by the District. In the event the tax revenues of the District are less than anticipated, than the Organization shall be paid an amount less than the contract amount.

Contributions:

Contributions received are recorded on cash basis, they are recorded when received and no allowance for doubtful accounts is used. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted.

Income Taxes:

The Organization is a non-for-profit corporation that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Note 2-Cash:

Unrestricted Cash consists of five accounts. One main operating account is used for receipts and disbursements. Separate accounts are used for rental property, short term savings, and fund raising activities. The balance of unrestricted cash as of December 31, 2011 is \$175,849.

Monroe Township Volunteer Fire Department, Inc.
 Notes to the Financial Statements
 December 31, 2011

Note 3-Property Plant and Equipment:

Property, plant and equipment are stated at cost. Depreciation is computed using the straight-line method for financial reporting purposes. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation expense for 2011 is \$123,214.

Note 4-Long Term Notes Payable:

Long-term notes payable at December 31, 2011 consisted of the following:

Note payable to New Washington State Bank with monthly payments of \$1,733 bearing interest at 6% and collateral of real estate.	\$106,953
Note payable to New Washington State Bank With monthly payments of \$1,721 bearing interest at 5.5% and collateral of real estate located 805 Henryville Blue Lick Rd	<u>172,231</u>
Total	\$279,184
Less current portion	<u>25,110</u>
	<u>\$254,074</u>

Maturities of long term debt are as follows:

Year ending December	<u>Amount</u>
2012	25,110
2013	26,659
2014	28,305
2015	30,049
2016	31,903
Thereafter	<u>137,158</u>
	<u>\$279,184</u>

Note 5-Federal Financial Assistance:

Monroe Township received a grant from FEMA and Department of Homeland Security. The approved project cost is \$293,213. The federal share is 80 percent or \$234,571 and Monroe Township's share is 20 percent or \$58,642. The performance period is July 17, 2011 to July 16, 2012. The grant is to purchase a mobile live fire multiple training prop system. At December 31, 2011 total expenditures for this grant is \$293,091 and the receipts are \$234,571.

Monroe Township Volunteer Fire Department, Inc.
Notes to the Financial Statements
December 31, 2011

Note 6-Leases:

The Organization subleases two vehicles #2024 engine and #2022 engine from the Monroe Township Fire Protection District of Clark County, Indiana for the sum of \$1 per year plus the Organization must provide maintenance and insurance for the vehicle. The lease is for the term of one year.

Note 7 - Donated Services:

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of task that assists the Organization. The Organization could not operate if they did not have volunteers.

Note 8 - Fair Value of Financial Instruments:

The carrying amount of the following financial instruments approximate fair value because of the short maturity of the instruments: cash equivalents.

The fair value of the Organization's long-term debt is estimated at \$279,184 based on the future cash flows associated with each note discounted using the Organization's current borrowing rate for similar debt.

Note 9 - Concentration of Credit Risk and Economic Dependence:

The Organization maintains its cash at a financial institution located in Charlestown, Indiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. During the year, the Organization's cash balance may be in excess of federally insured limits.

The Organization has only one customer Monroe Township Fire Protection District of Clark County, Indiana. However, their services will always be needed by the public.

Note 10-Subsequent Event:

The Organization has evaluated subsequent events through October 31, 2012 the date which the financial statements were available to be issued.

March 2, 2012 an EF -4 Tornado went through Henryville causing mass destruction. The Monroe Township Volunteer Fire Department worked many hours to help with the recovery efforts. Also, the building was used for a command center housing search and rescue efforts, FEMA, and Habitat for Humanity. They sustained losses to assets, which insurance covered \$120,178 of the damages.

As a result of the tornado Chase Bank set up a Charitable Trust for the Monroe Township Volunteer Fire Department, this fund is to accept, hold and manage funds, donated to the Monroe Township Volunteer Fire Department. This separate entity has a different federal identification number and a separate tax return.

Monroe Township Volunteer Fire Department, Inc.
Notes to the Financial Statements
December 31, 2011

Note 11- Functional Expense:

The Organization reports its expenses by natural classification in the statement of revenues and expenses and changes in net assets-modified cash basis. By function, costs were incurred as follows:

Fire protection service	\$ 287,413
Administrative	21,490
Fund raising	17,917
Rental	<u>2,226</u>
	<u>\$ 329,046</u>